

ABSTRACT

Methods and systems for estimating a bucket transition distribution are disclosed. In certain embodiments, a plurality of price buckets is identified, bucket transition probabilities are calculated for a first bond, and a bucket transition distribution is estimated for the first bond using the calculated bucket transition probabilities. The process is then repeated for a predetermined number of simulations. Bucket transition probabilities are also calculated for a second bond, a bucket transition distribution is estimated for the second bond using the calculated bucket transition probabilities, and the estimated bucket transition distributions for the bonds are grouped, thereby enabling an evaluation of the credit risk of the bonds.